1 Canadian Growth Stock I'd Buy Now to Hold for the Next 20 Years

Description

TSX stocks remain highly volatile this year, increasing the risks primarily for traders and short-term investors. Long-term investors, however, might largely remain unaffected by the ongoing market correction, as it might not hugely impact returns on their investments in the long run. This is one of the key reasons why, at The Motley Fool, we always urge investors to invest for the long term instead of risking their hard-earned savings by day trading in stocks.

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The ongoing market correction could also be seen as a great opportunity for long-term investors to buy some fundamentally solid growth stocks at a big bargain. In this article, I'll highlight one of the best Canadian growth stocks you can buy now and hold for the next 20 years to expect high returns on your investments.

The best Canadian growth stock to buy now

Considering its underlying fundamental strength, I find **Aritzia** (TSX:ATZ) stock to be one of the best growth stocks to buy in Canada right now. If you haven't heard of it already, it's a Vancouver-based apparel designer and retailer with a market cap of $4.9 billion. After more than doubling in value in 2021, this Canadian growth stock currently trades at $43.70 per share with 16.5% year-to-date declines against the **TSX Composite** benchmark's 9.2% year-to-date losses.

Slightly more than a year ago, Aritzia was only a women's apparel-focused company. But it accelerated expansion into the men's apparel segment with the acquisition of a premium athletic wear brand Reigning Champ in June 2021. Geography-wise, nearly 55% of its revenue in its fiscal year 2022 (ended in February) came from Canada, while the United States accounted for the remaining 45%.

Buy now and hold this stock for the next 20 years

When you're planning to buy a stock for the very long term, you must pay attention to the stock's recent financial growth trends and long-term fundamental growth outlook. In the last five years, Aritzia's revenue has risen by 124%, from $667.2 million in its fiscal year 2017 to $1.5 billion in the fiscal year

2022. Similarly, its adjusted earnings during the same period reflected a solid 178% positive growth from $0.55 per share to $1.53 per share.

While the Street expects its sales growth to decline in the ongoing year amid high inflationary pressures and supply chain disruptions, I expect Aritzia to continue surprising analysts by beating their estimates as its growth story in the United States has just started. Interestingly, the company's active U.S. client base increased by over 100% year over year in its fiscal year 2022, helping its revenue from the market grow by about 131.8% over the previous fiscal year.

In the last couple of years, the global supply chain disruptions haven't been able to hugely hurt Aritzia's business growth, as it continues to strategically manage product availability to meet demand.

Bottom line

Aritzia's focus on the everyday luxury segment makes its business model unique. While every growth stock might not be worth holding for the long term, this Canadian growth stock's consistently expanding business and profitability should help it soar to let your hard-earned savings multiply in the next 20 years or less.

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Date
2025/08/26
Date Created
2022/09/06
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